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HORD, CURTISS & COMPANY

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R. J. REYNOLDS TOBACCO COMPANY

R. J. Reynolds Tobacco Company ranks second in the tobacco manufacturing industry in both sales and earnings. Approximately 80% of its earnings are derived from "Camel" cigarettes and "Prince Albert" smoking tobacco. Reynolds' sales of cigarettes in 1931 are estimated to have constituted slightly more than 25% of the total cigarette production in this country. The volume of the company's cigarette business last year declined slightly below 1930. Estimated sales of "Prince Albert" increased while the sales of chewing tobacco fell off slightly. In view of the general decline in the tobacco industry thus far in 1932 it is questionable whether this company will be able to continue this year its enviable record of the past decade in which new high earnings have been reported in each year. Offsetting advantages are economies that have been effected through reductions in advertising appropriations. Furthermore, the average cost of raw leaf tobacco is now 40% to 50% below the average cost three years ago.

Capitalization

	Outstanding
Funded Debt	N o n e
Preferred Stock	N o n e
Common Stock ($10 par)	1,000,000 shs.
Common Stock Class "B" ($10 par)	9,000,000 "

Common Class "B" has the same dividend rights and privileges as the Common stock except that it has no voting power. The Common Stock has certain specified participating rights when owned by officers, directors and employees thereby limiting its market to them.

Earnings - Dividends - Prices* (Class "B")

	Earngs.	Divds.	Avge. Price		Earngs.	Divds.	Avge. Price
1926	$2.62	$1.52	42	1929	$3.22	$2.55	52
1927	2.91	2.60	52	1930	3.43	3.00	49
1928	3.02	2.60	58	1931	3.64	3.00	43

	Earnings	Dividends	Avge. Price
Six Year Average	$3.14	$2.55	49

As the company reports only annually no interim statements are available.

Working Capital

	December 31, 1931
Current Assets	$ 140,461,299
Current Liabilities	12,219,047
Net Working Capital	$ 128,242,251
Cash	$ 34,479,271
U.S. Government Securities (due 1932) ..	9,995,000
Bank Loans	N o n e

In addition to the current assets shown above, the Company had $13,413,287 in investments in Non-Competitive Companies, etc., largely its own stock carried below market at December 31, 1931.

Range of Price* (Class "B")

	1932	1931	1930	1929
High	40 1/4	54 1/2	58 5/8	66
Low	26 1/2	32 1/2	40	39

* Earnings, dividends and prices adjusted for split-ups and extraordinary stock dividends.

CURRENT PRICE - 29 DIVIDEND - $3.00

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10/25/32